



Claire McCaskill

Missouri State Auditor

September 2005

Lewis County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Lewis, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Lewis County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The financial condition of the General Revenue Fund has declined significantly since 2002. During the years ended December 31, 2003 and 2004, disbursements of the General Revenue Fund increased due to capital improvements made to the courthouse. In addition, during 2003, a tornado damaged several county businesses and as a result sales tax receipts for the General Revenue Fund decreased.
- The County Collector's accounting controls and procedures need improvement. The Collector does not reconcile daily receipts and deposits to a daily abstract and does not perform reconciliations between the bank balance and related liabilities. As of February 28, 2005, the cash balance was \$4,228 less than the liabilities identified. Also, the Collector does not ensure back property tax charges reported on the annual settlement agree to the total credits reported on the prior year's annual settlement.

In addition, the Collector does not perform adequate monthly bank reconciliations for the Collector Tax Maintenance Fund and expenditures from that fund are not adequately supported by invoices and in some cases appear questionable. An erroneous payment of a personal cable bill was not reimbursed for 18 months and a \$300 cash withdrawal was not supported.

- The county's procedures to track federal awards for preparation of the Schedule of Expenditures of Federal Awards (SEFA) should be improved. The county's SEFA contained several errors which resulted in expenditures being overstated for the year ended December 31, 2004 and understated for the year ended December 31, 2003. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements.

(over)

YELLOW SHEET

- The county did not always solicit bids or retain bid documentation for various expenditures. Additionally, the county distributed landfill fees to the Industrial Development Authority but did not obtain financial reports to show these fees were spent for economic development.
- The Sheriff's accounting controls and procedures need improvement. The Sheriff's Office does not obtain receipt slips from the Associate and Circuit Courts for turnover of bond monies, does not obtain written contracts for the boarding of prisoners, and does not maintain adequate documentation of invoices sent to other entities for the boarding of prisoners. Receipts are not deposited on a timely basis and the Sheriff failed to withhold \$1,755 in accountable fees from a partition sale, which would have been paid to the County General Revenue Fund.

Inmate account balances are not consistently verified prior to commissary orders being placed, commissary purchases are not always deducted from inmate account balances, and the balance of the commissary account is not being reconciled to the individual inmate balances plus commissary profits. Order forms for cigarettes and phone cards are not always maintained in the inmate's file, commissary profits are not periodically turned over to the county, and inventory records are not maintained for cigarettes and phone cards purchased by the Sheriff's Office.

- The Circuit Clerk and ex officio Recorder of Deeds made several questionable disbursements from the Records Technologies Fund and the Records Preservation Fund during the period from February to June 2004.
- Problems were noted related to the E-911 Board's accounting controls and procedures. Closed meeting minutes were not always prepared. Budget documents prepared by the board were not accurate. Several receipting procedures relating to issuing receipts slips, restrictively endorsing checks and money orders, and making timely deposits should be improved. Some expenditures were not approved by the board prior to payment, bids were not obtained for some purchases, several invoices were not paid in a timely manner, and there were no procedures in place to ensure Forms 1099 were filed. Property records did not include a radio system purchased by the board and did not include all necessary information for other assets. The E-911 Director handles receipts and disbursements and is not bonded.
- The Health Center's controls and procedures need improvement. Actual expenditures exceeded budgeted amounts during 2004. Pre-numbered receipt slips are not issued for some monies received, the composition of receipt slips is not reconciled to the bank deposits, and receipts are not posted to the general ledger in a timely manner. Additionally, Health Center employees received payments that appeared to be bonuses.

Also included in the audit were recommendations related to budgetary practices and payroll procedures. The audit also suggested improvements in the procedures of the Prosecuting Attorney, Circuit Clerk, and Recorder.

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LEWIS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Lewis County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Lewis County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Lewis County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Lewis County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 14, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Lewis County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Jeannette Eaves, CPA
In-Charge Auditor: Carl E. Zilch, Jr.
Audit Staff: Kate Petschonek
Julie Moore
Heather Stiles



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Lewis County, Missouri

We have audited the financial statements of various funds of Lewis County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Lewis County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Lewis County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Lewis County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

LEWIS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 225,640	1,281,017	1,373,183	133,474
Special Road and Bridge	71,775	794,428	836,303	29,900
Assessment	16,703	129,148	129,904	15,947
Road and Bridge Capital Improvement	27,117	302,297	257,901	71,513
Law Enforcement Training	3,938	4,065	2,385	5,618
Prosecuting Attorney Training	3,242	741	6	3,977
County Farm	61,169	29,501	50,911	39,759
Domestic Violence	3,312	3,160	3,312	3,160
Prosecuting Attorney Retirement	375	0	375	0
Prosecuting Attorney Bad Check	1,519	3,912	3,497	1,934
DWI	1,662	666	1,205	1,123
Records Preservation	6,960	4,216	6,290	4,886
Records Technologies	6,369	2,582	4,130	4,821
Law Enforcement Operating	6,287	564,349	517,977	52,659
Sheriff Civil Fees	7,660	15,602	16,162	7,100
D.A.R.E.	599	1,326	1,300	625
Election Services	5,248	2,419	3,615	4,052
Law Enforcement Restitution	0	2,453	0	2,453
Collector Tax Maintenance	7,854	10,252	7,061	11,045
Circuit Clerk Interest	4,993	2,288	5,764	1,517
E-911	193,037	290,974	406,090	77,921
Health Center	379,936	778,822	778,895	379,863
Law Library	200	550	523	227
Total	\$ 1,035,595	4,224,768	4,406,789	853,574

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

LEWIS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 366,989	1,381,747	1,523,096	225,640
Special Road and Bridge	25,768	842,779	796,772	71,775
Assessment	13,943	121,686	118,926	16,703
Road and Bridge Capital Improvement	3,377	368,593	344,853	27,117
Law Enforcement Training	1,343	3,950	1,355	3,938
Prosecuting Attorney Training	2,609	688	55	3,242
County Farm	55,742	31,261	25,834	61,169
Domestic Violence	2,934	3,312	2,934	3,312
Prosecuting Attorney Retirement	3,336	1,169	4,130	375
Prosecuting Attorney Bad Check	1,682	3,314	3,477	1,519
DWI	1,043	624	5	1,662
Records Preservation	3,306	4,823	1,169	6,960
Records Technologies	3,521	2,853	5	6,369
Law Enforcement Operating	4,395	537,112	535,220	6,287
Sheriff Civil Fees	12,320	15,666	20,326	7,660
D.A.R.E.	536	1,557	1,494	599
Election Services	4,157	1,096	5	5,248
C.D.B.G Grant 2002 Pf-42	0	2,200	2,200	0
Collector Tax Maintenance	588	13,169	5,903	7,854
Circuit Clerk Interest	4,855	2,503	2,365	4,993
Associate Judge Interest	906	226	1,132	0
E-911	274,625	466,927	548,515	193,037
Health Center	401,175	743,040	764,279	379,936
Law Library	150	560	510	200
Total	\$ 1,189,300	4,550,855	4,704,560	1,035,595

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

LEWIS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,118,987	4,224,218	(894,769)	4,531,703	4,550,295	18,592
DISBURSEMENTS	5,712,076	4,406,266	1,305,810	5,148,437	4,704,050	444,387
RECEIPTS OVER (UNDER) DISBURSEMENTS	(593,089)	(182,048)	411,041	(616,734)	(153,755)	462,979
CASH, JANUARY 1	920,073	1,035,395	115,322	1,197,778	1,189,150	(8,628)
CASH, DECEMBER 31	326,984	853,347	526,363	581,044	1,035,395	454,351
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	231,000	203,614	(27,386)	221,900	273,085	51,185
Sales taxes	607,000	593,321	(13,679)	585,700	601,122	15,422
Intergovernmental	280,873	117,158	(163,715)	213,558	126,459	(87,099)
Charges for service:	211,100	201,508	(9,592)	188,750	223,383	34,633
Interest	6,000	6,496	496	10,000	9,381	(619)
Landfill fees	135,000	139,975	4,975	152,000	134,865	(17,135)
Other	1,300	1,867	567	5,500	2,452	(3,048)
Transfers in	17,123	17,078	(45)	11,000	11,000	0
Total Receipts	1,489,396	1,281,017	(208,379)	1,388,408	1,381,747	(6,661)
DISBURSEMENTS						
County Commissior	78,480	78,275	205	80,329	77,583	2,746
County Clerk	58,363	58,065	298	58,173	58,792	(619)
Elections	35,516	35,323	193	12,637	14,042	(1,405)
Buildings and grounds	65,392	47,782	17,610	86,516	49,671	36,845
Employee fringe benefit	112,000	116,166	(4,166)	103,350	99,725	3,625
County Treasurer	29,215	29,454	(239)	30,950	30,146	804
County Collector	67,518	64,848	2,670	67,212	66,729	483
Ex Officio Recorder of Deed	32,675	31,059	1,616	35,328	35,180	148
Circuit Clerk	20,700	20,874	(174)	14,000	12,567	1,433
Associate Circuit Court	700	379	321	8,750	10,962	(2,212)
Court Reporter	1,005	395	610	1,005	375	630
Court administration	7,869	9,565	(1,696)	7,742	5,704	2,038
Public Administrator	45,750	42,723	3,027	48,812	42,995	5,817
Prosecuting Attorney	75,609	70,331	5,278	74,402	64,419	9,983
Juvenile Offices	83,809	78,271	5,538	88,543	81,647	6,896
County Coroner	14,660	11,385	3,275	14,610	12,435	2,175
Industrial Development Authority (IDA)	135,000	139,975	(4,975)	152,000	134,865	17,135
Insurance (property and liability)	27,831	21,799	6,032	24,500	24,327	173
County employee retirement	42,000	46,444	(4,444)	38,000	41,522	(3,522)
University Extensior	21,815	21,799	16	21,396	21,364	32
Public health and welfare service	180,490	13,081	167,409	0	0	0
A.D.A improvement:	94,000	63,532	30,468	261,300	202,261	59,039
Room additions and improvement	21,000	18,652	2,348	75,000	82,949	(7,949)
Other	44,355	22,000	22,355	56,710	28,706	28,004
Transfers out	356,507	331,006	25,501	334,132	324,130	10,002
Emergency Func	60,000	0	60,000	60,000	0	60,000
Total Disbursements	1,712,259	1,373,183	339,076	1,755,397	1,523,096	232,301
RECEIPTS OVER (UNDER) DISBURSEMENTS	(222,863)	(92,166)	130,697	(366,989)	(141,349)	225,640
CASH, JANUARY 1	225,540	225,640	100	366,989	366,989	0
CASH, DECEMBER 31	2,677	133,474	130,797	0	225,640	225,640

Exhibit B

LEWIS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	252,192	220,683	(31,509)	251,500	283,194	31,694
Intergovernmental	488,233	499,050	10,817	505,525	515,338	9,813
Charges for services	19,000	21,373	2,373	38,500	21,254	(17,246)
Interest	2,000	1,619	(381)	2,500	1,905	(595)
Other	4,070	1,898	(2,172)	10,200	11,088	888
Transfers in	30,000	49,805	19,805	30,000	10,000	(20,000)
Total Receipts	795,495	794,428	(1,067)	838,225	842,779	4,554
DISBURSEMENTS						
Salaries	263,401	251,714	11,687	258,454	255,532	2,922
Employee fringe benefit	107,800	100,912	6,888	105,964	100,139	5,825
Supplies	85,500	69,460	16,040	85,500	66,661	18,839
Insurance	25,000	23,660	1,340	25,000	9,958	15,042
Road and bridge materials	239,500	228,756	10,744	226,882	218,882	8,000
Equipment repairs	60,000	47,691	12,309	60,000	59,674	326
Rentals	1,000	294	706	1,750	163	1,587
Equipment purchases	39,644	27,269	12,375	39,643	44,004	(4,361)
Rock and sap hauling	40,000	62,322	(22,322)	56,000	37,794	18,206
Other	5,100	4,225	875	4,800	3,965	835
Transfers out	0	20,000	(20,000)	0	0	0
Total Disbursements	866,945	836,303	30,642	863,993	796,772	67,221
RECEIPTS OVER (UNDER) DISBURSEMENTS	(71,450)	(41,875)	29,575	(25,768)	46,007	71,775
CASH, JANUARY 1	71,775	71,775	0	25,768	25,768	0
CASH, DECEMBER 31	325	29,900	29,575	0	71,775	71,775
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	81,545	78,132	(3,413)	91,515	95,624	4,109
Interest	300	437	137	400	387	(13)
Other	900	72	(828)	400	50	(350)
Transfers in	50,507	50,507	0	25,625	25,625	0
Total Receipts	133,252	129,148	(4,104)	117,940	121,686	3,746
DISBURSEMENTS						
Assessor	129,570	113,201	16,369	120,875	107,926	12,949
Transfers out	16,703	16,703	0	11,000	11,000	0
Total Disbursements	146,273	129,904	16,369	131,875	118,926	12,949
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,021)	(756)	12,265	(13,935)	2,760	16,695
CASH, JANUARY 1	16,703	16,703	0	13,943	13,943	0
CASH, DECEMBER 31	3,682	15,947	12,265	8	16,703	16,695

Exhibit B

LEWIS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND						
RECEIPTS						
Sales Tax	191,000	185,888	(5,112)	181,000	188,594	7,594
Intergovernmental	883,137	95,829	(787,308)	359,800	179,551	(180,249)
Interest	500	580	80	500	447	(53)
Other	0	0	0	0	1	1
Transfers in	0	20,000	20,000	0	0	0
Total Receipts	1,074,637	302,297	(772,340)	541,300	368,593	(172,707)
DISBURSEMENTS						
Contract labor	23,000	22,346	654	13,000	8,535	4,465
Bridge construction	883,137	91,147	791,990	359,800	203,251	156,549
Road and bridge materials	40,500	15,627	24,873	35,500	26,343	9,157
Equipment expense:	111,878	76,938	34,940	43,428	42,819	609
Bank loan repayment	0	0	0	51,750	51,073	677
Other	12,238	2,038	10,200	10,238	2,832	7,406
Transfers out	30,000	49,805	(19,805)	30,000	10,000	20,000
Total Disbursements	1,100,753	257,901	842,852	543,716	344,853	198,863
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,116)	44,396	70,512	(2,416)	23,740	26,156
CASH, JANUARY 1	26,117	27,117	1,000	3,377	3,377	0
CASH, DECEMBER 31	1	71,513	71,512	961	27,117	26,156
LAW ENFORCEMENT TRAINING FUND						
RECEIPTS						
Intergovernmental	1,000	1,395	395	900	1,238	338
Charges for service:	2,360	2,670	310	2,375	2,712	337
Other	0	0	0	650	0	(650)
Total Receipts	3,360	4,065	705	3,925	3,950	25
DISBURSEMENTS						
Sheriff	7,100	2,385	4,715	5,268	1,355	3,913
Total Disbursements	7,100	2,385	4,715	5,268	1,355	3,913
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,740)	1,680	5,420	(1,343)	2,595	3,938
CASH, JANUARY 1	3,938	3,938	0	1,343	1,343	0
CASH, DECEMBER 31	198	5,618	5,420	0	3,938	3,938
PROSECUTING ATTORNEY TRAINING FUND						
RECEIPTS						
Charges for service:	700	741	41	616	688	72
Total Receipts	700	741	41	616	688	72
DISBURSEMENTS						
Prosecuting Attorney	3,886	6	3,880	3,225	55	3,170
Total Disbursements	3,886	6	3,880	3,225	55	3,170
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,186)	735	3,921	(2,609)	633	3,242
CASH, JANUARY 1	3,242	3,242	0	2,609	2,609	0
CASH, DECEMBER 31	56	3,977	3,921	0	3,242	3,242

Exhibit B

LEWIS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
COUNTY FARM FUND						
RECEIPTS						
Interest	600	576	(24)	650	669	19
Rental income	22,080	22,080	0	24,725	24,725	0
Other	3,000	6,845	3,845	1,001	5,867	4,866
Total Receipts	25,680	29,501	3,821	26,376	31,261	4,885
DISBURSEMENTS						
Farm expenses	2,000	288	1,712	2,000	437	1,563
Maintenance	48,640	35,202	13,438	50,320	107	50,213
County programs	20,200	15,421	4,779	29,745	25,290	4,455
Transfers out	7,215	0	7,215	0	0	0
Total Disbursements	78,055	50,911	27,144	82,065	25,834	56,231
RECEIPTS OVER (UNDER) DISBURSEMENTS	(52,375)	(21,410)	30,965	(55,689)	5,427	61,116
CASH, JANUARY 1	61,169	61,169	0	55,742	55,742	0
CASH, DECEMBER 31	8,794	39,759	30,965	53	61,169	61,116
DOMESTIC VIOLENCE FUND						
RECEIPTS						
Charges for services	3,200	3,160	(40)	2,800	3,312	512
Total Receipts	3,200	3,160	(40)	2,800	3,312	512
DISBURSEMENTS						
Domestic Violence	3,312	3,312	0	2,934	2,934	0
Total Disbursements	3,312	3,312	0	2,934	2,934	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(112)	(152)	(40)	(134)	378	512
CASH, JANUARY 1	3,312	3,312	0	2,934	2,934	0
CASH, DECEMBER 31	3,200	3,160	(40)	2,800	3,312	512
PROSECUTING ATTORNEY RETIREMENT FUND						
RECEIPTS						
Transfers in	0	0	0	1,169	1,169	0
Total Receipts	0	0	0	1,169	1,169	0
DISBURSEMENTS						
Prosecuting Attorney retirement	0	0	0	4,500	4,125	375
Other	0	0	0	5	5	0
Transfers out	375	375	0	0	0	0
Total Disbursements	375	375	0	4,505	4,130	375
RECEIPTS OVER (UNDER) DISBURSEMENTS	(375)	(375)	0	(3,336)	(2,961)	375
CASH, JANUARY 1	375	375	0	3,336	3,336	0
CASH, DECEMBER 31	0	0	0	0	375	375

Exhibit B

LEWIS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	3,275	3,912	637	3,000	3,314	314
Total Receipts	<u>3,275</u>	<u>3,912</u>	<u>637</u>	<u>3,000</u>	<u>3,314</u>	<u>314</u>
DISBURSEMENTS						
Prosecuting Attorney	4,275	3,497	778	4,682	3,477	1,205
Total Disbursements	<u>4,275</u>	<u>3,497</u>	<u>778</u>	<u>4,682</u>	<u>3,477</u>	<u>1,205</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	415	1,415	(1,682)	(163)	1,519
CASH, JANUARY 1	1,519	1,519	0	1,682	1,682	0
CASH, DECEMBER 31	<u>519</u>	<u>1,934</u>	<u>1,415</u>	<u>0</u>	<u>1,519</u>	<u>1,519</u>
<u>DWI FUND</u>						
RECEIPTS						
Charges for service:	650	666	16	400	624	224
Total Receipts	<u>650</u>	<u>666</u>	<u>16</u>	<u>400</u>	<u>624</u>	<u>224</u>
DISBURSEMENTS						
Publications and equipmen:	2,306	1,205	1,101	1,443	5	1,438
Total Disbursements	<u>2,306</u>	<u>1,205</u>	<u>1,101</u>	<u>1,443</u>	<u>5</u>	<u>1,438</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,656)	(539)	1,117	(1,043)	619	1,662
CASH, JANUARY 1	1,662	1,662	0	1,043	1,043	0
CASH, DECEMBER 31	<u>6</u>	<u>1,123</u>	<u>1,117</u>	<u>0</u>	<u>1,662</u>	<u>1,662</u>
<u>RECORDS PRESERVATION FUND</u>						
RECEIPTS						
Charges for service:	4,500	4,216	(284)	4,000	4,676	676
Other	0	0	0	0	147	147
Total Receipts	<u>4,500</u>	<u>4,216</u>	<u>(284)</u>	<u>4,000</u>	<u>4,823</u>	<u>823</u>
DISBURSEMENTS						
Office expenses and equipmen:	11,000	6,290	4,710	7,306	1,169	6,137
Total Disbursements	<u>11,000</u>	<u>6,290</u>	<u>4,710</u>	<u>7,306</u>	<u>1,169</u>	<u>6,137</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500)	(2,074)	4,426	(3,306)	3,654	6,960
CASH, JANUARY 1	6,960	6,960	0	3,306	3,306	0
CASH, DECEMBER 31	<u>460</u>	<u>4,886</u>	<u>4,426</u>	<u>0</u>	<u>6,960</u>	<u>6,960</u>
<u>RECORDS TECHNOLOGIES FUND</u>						
RECEIPTS						
Charges for service:	2,800	2,582	(218)	2,500	2,853	353
Total Receipts	<u>2,800</u>	<u>2,582</u>	<u>(218)</u>	<u>2,500</u>	<u>2,853</u>	<u>353</u>
DISBURSEMENTS						
Office expenses and equipmen:	9,000	4,130	4,870	6,021	5	6,016
Total Disbursements	<u>9,000</u>	<u>4,130</u>	<u>4,870</u>	<u>6,021</u>	<u>5</u>	<u>6,016</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,200)	(1,548)	4,652	(3,521)	2,848	6,369
CASH, JANUARY 1	6,369	6,369	0	3,521	3,521	0
CASH, DECEMBER 31	<u>169</u>	<u>4,821</u>	<u>4,652</u>	<u>0</u>	<u>6,369</u>	<u>6,369</u>

Exhibit B

LEWIS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT OPERATING FUND</u>						
RECEIPTS						
Sales tax	127,000	123,928	(3,072)	120,000	125,729	5,729
Intergovernmental	9,000	0	(9,000)	9,000	0	(9,000)
Charges for services:	94,300	155,194	60,894	93,300	98,803	5,503
Interest	200	433	233	350	236	(114)
Other	1,700	4,294	2,594	3,300	15,006	11,706
Transfers in	306,000	280,500	(25,500)	307,338	297,338	(10,000)
Total Receipts	538,200	564,349	26,149	533,288	537,112	3,824
DISBURSEMENTS						
Salaries	143,159	140,601	2,558	149,978	141,706	8,272
Salaries-Jail	140,739	139,298	1,441	127,012	137,699	(10,687)
Fringe benefits	111,902	102,457	9,445	112,118	104,646	7,472
Office expense:	28,540	35,527	(6,987)	29,191	28,067	1,124
Equipment expense:	47,000	48,573	(1,573)	39,000	42,170	(3,170)
Prisoner board	66,322	51,010	15,312	73,559	79,044	(5,485)
Other	6,825	511	6,314	6,825	1,888	4,937
Total Disbursements	544,487	517,977	26,510	537,683	535,220	2,463
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,287)	46,372	52,659	(4,395)	1,892	6,287
CASH, JANUARY 1	6,287	6,287	0	4,395	4,395	0
CASH, DECEMBER 31	0	52,659	52,659	0	6,287	6,287
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services:	15,000	15,602	602	15,000	15,666	666
Total Receipts	15,000	15,602	602	15,000	15,666	666
DISBURSEMENTS						
Sheriff	22,650	16,162	6,488	27,320	20,326	6,994
Total Disbursements	22,650	16,162	6,488	27,320	20,326	6,994
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,650)	(560)	7,090	(12,320)	(4,660)	7,660
CASH, JANUARY 1	7,660	7,660	0	12,320	12,320	0
CASH, DECEMBER 31	10	7,100	7,090	0	7,660	7,660
<u>D.A.R.E. FUND</u>						
RECEIPTS						
Donations	1,500	1,119	(381)	900	1,557	657
Other	0	207	207	0	0	0
Total Receipts	1,500	1,326	(174)	900	1,557	657
DISBURSEMENTS						
D.A.R.E. programs	2,000	1,300	700	1,436	1,494	(58)
Total Disbursements	2,000	1,300	700	1,436	1,494	(58)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	26	526	(536)	63	599
CASH, JANUARY 1	599	599	0	536	536	0
CASH, DECEMBER 31	99	625	526	0	599	599

Exhibit B

LEWIS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,700	2,419	719	1,500	1,096	(404)
Total Receipts	1,700	2,419	719	1,500	1,096	(404)
DISBURSEMENTS						
Election expense:	6,900	3,615	3,285	5,500	5	5,495
Total Disbursements	6,900	3,615	3,285	5,500	5	5,495
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,200)	(1,196)	4,004	(4,000)	1,091	5,091
CASH, JANUARY 1	5,248	5,248	0	4,157	4,157	0
CASH, DECEMBER 31	48	4,052	4,004	157	5,248	5,091
<u>C.D.B.G GRANT 2002 PF-42 FUND</u>						
RECEIPTS						
Intergovernmental				2,200	2,200	0
Total Receipts				2,200	2,200	0
DISBURSEMENTS						
Administrative expense:				2,200	2,200	0
Total Disbursements				2,200	2,200	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>LAW ENFORCEMENT RESTITUTION FUND</u>						
RECEIPTS						
Charges for service:	4,500	2,452	(2,048)			
Interest	0	1	1			
Total Receipts	4,500	2,453	(2,047)			
DISBURSEMENTS						
Office expenses and equipmen	4,500	0	4,500			
Total Disbursements	4,500	0	4,500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,453	2,453			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	2,453	2,453			

Exhibit B

LEWIS COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COLLECTOR TAX MAINTENANCE FUND</u>						
RECEIPTS						
Property taxes	0	0	0	0	4,524	4,524
Charges for service:	7,000	10,078	3,078	7,000	8,432	1,432
Interest	60	174	114	0	58	58
Unclassified	0	0	0	0	155	155
Total Receipts	<u>7,060</u>	<u>10,252</u>	<u>3,192</u>	<u>7,000</u>	<u>13,169</u>	<u>6,169</u>
DISBURSEMENTS						
Collector	8,660	7,061	1,599	7,500	5,373	2,127
Unclassified	0	0	0	0	530	(530)
Total Disbursements	<u>8,660</u>	<u>7,061</u>	<u>1,599</u>	<u>7,500</u>	<u>5,903</u>	<u>1,597</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(1,600)</u>	<u>3,191</u>	<u>4,791</u>	<u>(500)</u>	<u>7,266</u>	<u>7,766</u>
CASH, JANUARY 1	<u>3,705</u>	<u>7,854</u>	<u>4,149</u>	<u>588</u>	<u>588</u>	<u>0</u>
CASH, DECEMBER 31	<u><u>2,105</u></u>	<u><u>11,045</u></u>	<u><u>8,940</u></u>	<u><u>88</u></u>	<u><u>7,854</u></u>	<u><u>7,766</u></u>
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	2,500	2,288	(212)	2,000	2,503	503
Total Receipts	<u>2,500</u>	<u>2,288</u>	<u>(212)</u>	<u>2,000</u>	<u>2,503</u>	<u>503</u>
DISBURSEMENTS						
Circuit Clerk	7,000	5,764	1,236	6,855	2,365	4,490
Total Disbursements	<u>7,000</u>	<u>5,764</u>	<u>1,236</u>	<u>6,855</u>	<u>2,365</u>	<u>4,490</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(4,500)</u>	<u>(3,476)</u>	<u>1,024</u>	<u>(4,855)</u>	<u>138</u>	<u>4,993</u>
CASH, JANUARY 1	<u>4,993</u>	<u>4,993</u>	<u>0</u>	<u>4,855</u>	<u>4,855</u>	<u>0</u>
CASH, DECEMBER 31	<u><u>493</u></u>	<u><u>1,517</u></u>	<u><u>1,024</u></u>	<u><u>0</u></u>	<u><u>4,993</u></u>	<u><u>4,993</u></u>
<u>ASSOCIATE JUDGE INTEREST</u>						
RECEIPTS						
Interest				612	226	(386)
Total Receipts				<u>612</u>	<u>226</u>	<u>(386)</u>
DISBURSEMENTS						
Supplies and equipmen				1,518	1,132	386
Total Disbursements				<u>1,518</u>	<u>1,132</u>	<u>386</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS				<u>(906)</u>	<u>(906)</u>	<u>0</u>
CASH, JANUARY 1				<u>906</u>	<u>906</u>	<u>0</u>
CASH, DECEMBER 31				<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Exhibit B

LEWIS COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>E-911 FUND</u>						
RECEIPTS						
Sales tax	288,000	266,475	(21,525)	265,000	268,581	3,581
Charges for service:	3,600	3,600	0	3,600	3,600	0
Interest	240	1,762	1,522	100	4,913	4,813
Loan proceeds	0	0	0	0	183,140	183,140
Other	400	19,137	18,737	0	6,693	6,693
Total Receipts	292,240	290,974	(1,266)	268,700	466,927	198,227
DISBURSEMENTS						
Salaries and benefits	200,000	259,609	(59,609)	184,300	186,213	(1,913)
Supplies	4,740	6,785	(2,045)	3,170	8,557	(5,387)
Maintenance	2,640	3,593	(953)	2,300	3,033	(733)
Contractual services	66,620	54,944	11,676	50,300	66,917	(16,617)
Training	3,000	3,758	(758)	6,600	6,968	(368)
Capital improvements	120,009	121,500	(1,491)	75,410	276,851	(201,441)
Other	1,200	713	487	0	767	(767)
Unclassified	0	(44,812)	44,812	0	(791)	791
Total Disbursements	398,209	406,090	(7,881)	322,080	548,515	(226,435)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(105,969)	(115,116)	(9,147)	(53,380)	(81,588)	(28,208)
CASH, JANUARY 1	82,964	193,037	110,073	283,253	274,625	(8,628)
CASH, DECEMBER 31	(23,005)	77,921	100,926	229,873	193,037	(36,836)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	87,769	73,262	(14,507)	86,571	100,767	14,196
Intergovernmental	145,258	168,467	23,209	171,099	175,131	4,032
Charges for service:	430,715	485,209	54,494	467,506	422,642	(44,864)
Interest	9,000	6,602	(2,398)	11,004	8,079	(2,925)
Other	46,600	45,282	(1,318)	33,664	36,421	2,757
Total Receipts	719,342	778,822	59,480	769,844	743,040	(26,804)
DISBURSEMENTS						
Salaries	631,186	635,642	(4,456)	625,639	629,312	(3,673)
Office expense:	33,105	32,514	591	48,653	32,576	16,077
Office equipment	4,000	13,802	(9,802)	18,127	23,686	(5,559)
Mileage-training	36,500	42,250	(5,750)	40,665	35,604	5,061
Other	67,340	54,687	12,653	90,831	43,101	47,730
Total Disbursements	772,131	778,895	(6,764)	823,915	764,279	59,636
RECEIPTS OVER (UNDER) DISBURSEMENTS	(52,789)	(73)	52,716	(54,071)	(21,239)	32,832
CASH, JANUARY 1	379,936	379,936	0	401,175	401,175	0
CASH, DECEMBER 31	327,147	379,863	52,716	347,104	379,936	32,832

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

LEWIS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Lewis County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board or the E-911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Law Library Fund for the years ended December 31, 2004 and 2003.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2004
E-911 Fund	2004 and 2003
D.A.R.E. Fund	2003

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the E-911 Fund for the year ended December 31, 2004. The budget approved by the E-911 Board resulted in a deficit balance because the beginning cash balance was understated.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2003 and 2004, did not include the Law Library Fund.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, the E-911 Board's, and the Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance, by collateral securities, or by commercial insurance provided through a surety bond held by the county's or the board's custodial bank in the county's or the board's name.

3. Prior Period Adjustment

The Law Library Fund's cash balance of \$150 at January 1, 2003, was not previously reported but has been added.

Supplementary Schedule

Schedule

LEWIS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Service:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERSO45-5156	\$ 31,715	32,332
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State's Program	2000-PF-42	0	2,200
		2002-PF-31	67,408	166,162
		2002-PF-36	20,900	181,970
		2004-DR-10	2,710	0
	Program Total		<u>91,018</u>	<u>350,332</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through state Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	N/A	0	736
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-056(9)	7,161	6,166
		BRO-056(11)	15,848	10,760
	Program Total		<u>23,009</u>	<u>16,926</u>
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	HEMP	1,880	0
	Program Total	CEPF	<u>1,367</u>	<u>1,144</u>
			<u>3,247</u>	<u>1,144</u>
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	1,072	0
39.011	Election Reform Payment:	N/A	254	0

Schedule

LEWIS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Preventior and Surveillance of Blood Lead Levels in Childre Program Total	ERS146-5156L PGA-064-3156A	426 200	3,400
93.268	Immunization Grants	PGA-064-3156A	20,374	20,497
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc Program Total	3305-B 3020-A	6,927 7,189	6,174 6,700
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran Program Total	PGA067-5156C PGA067-5156S	2,000 1,140	2,490 935
Department of Health and Senior Services				
93.994	Maternal and Child Health Services Block Grant to the States	ERS-146-4156M	13,038	14,249
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.004	State Domestic Preparedness Equipment Support Program	PGA EM501069	6,731	0
97.036	Public Assistance Grants	DR-1463-MO	0	7,093
97.051	State and Local All Hazards Emergency Operations Planning*	N/A	2,700	0
97.054	Community Emergency Response Teams**	N/A	2,312	0
Total Expenditures of Federal Award:			\$ 213,352	463,008

* These expenditures include awards made under CFDA number 16.007, 97.004, and 97.067

** These expenditures include awards made under CFDA number 83.562 and 97.051

*** These expenditures include awards made under CFDA number 83.564 and 97.054.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedul

Notes to the Supplementary Schedule

LEWIS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Lewis County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both

cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$2,200 to a subrecipient under the Community Development Block Grant Program (CFDA number 14.228) during the year ended December 31, 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Lewis County, Missouri

Compliance

We have audited the compliance of Lewis County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Lewis County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

Internal Control Over Compliance

The management of Lewis County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Lewis County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 14, 2005 (fieldwork completion date)

Schedule

LEWIS COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weakness? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
<u>14.228</u>	Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? _____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State’s Program
Pass-Through Entity	
Identifying Number:	2000-PF-42, 2002-PF-31, 2002-PF-36, 2004-DR-10
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported.

The county's procedures to track federal awards for preparation of the SEFA should be improved. For the years ended December 31, 2004 and 2003, the county's SEFA contained several errors which resulted in expenditures being overstated by approximately \$44,000 for the year ended December 31, 2004 and understated by approximately \$48,000 for the year ended December 31, 2003. For example, during 2004, the county overstated CFDA #14.228 Community Development Block Grants/State's Program expenditures by \$40,650, and in 2003, the county failed to include \$75,000 for the same grant. In addition, several programs did not include the required CFDA number or pass-through grantor’s number.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk provided the following response:

I will do the best I can to prepare a complete and accurate SEFA. In the future, I will contact state agencies to obtain CFDA numbers.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

LEWIS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Lewis County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-1. Budgetary Practices

Formal budgets were not prepared for various county funds for the two years ended December 31, 2002.

Recommendation:

The County Commission and the E-911 Board ensure financial information for all county funds is included in the annual budgets. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

Status:

Partially implemented. With the exception of the Law Library Fund, all county funds were included in the budgets.

02-2. Budget to Expend All Resources

Budget documents prepared by the County Clerk and approved by the County Commission did not always properly reflect the anticipated financial position of county funds.

Recommendation:

The County Commission prepare budgets based on estimates of future activity.

Status:

Not implemented. See MAR finding number 2.

02-3. County Collector

- A. The County Collector did not perform monthly reconciliations between the bank balance and the monthly statement of collections and other monies which were undistributed.

- B. The County Collector did not file annual settlements with the County Commission on a timely basis.

Recommendation:

The County Collector:

- A. Perform monthly reconciliations between bank balances, cash balances, and monthly statement of collections. In addition, any remaining balance should be properly identified and disbursed in accordance with state law.
- B. File annual settlements in a timely manner.

Status:

- A. Not implemented. See MAR finding number 6.
- B. Implemented.

02-4. Prosecuting Attorney

- A. Accounting duties were not adequately segregated. The Prosecuting Attorney's bookkeeper was responsible for collecting, recording, depositing, and disbursing all monies.
- B. Monthly open items listings were not prepared.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. Dispose of unidentified monies in accordance with state law.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 10.

02-5. Failure to Reconcile Bank Account

The E-911 Fund did not have bank reconciliations to support reported cash balances.

Recommendation:

The E-911 Board require bank balances be reconciled to the accounting records monthly.

Status:

Partially implemented. Although bank reconciliations are prepared, the reconciled bank balances are different than the balances reported on the budget documents approved by the E-911 Board. See MAR finding number 11.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

LEWIS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

LEWIS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Lewis County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005. We also have audited the compliance of Lewis County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 14, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Lewis County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if

applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	County Financial Condition
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Lewis County's General Revenue Fund's financial condition is declining. The county has spent more than it received during the last two years, resulting in a decline of the cash balance as follows:

<u>Year ended</u> <u>December 31,</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Receipts Over (Under)</u> <u>Disbursements</u>	<u>Cash Balance</u>
2002	\$1,302,739	1,274,371	28,368	366,989
2003	1,381,747	1,523,096	(141,349)	225,640
2004	1,281,017	1,373,183	(92,166)	133,474

As shown in the above table, the financial condition of the General Revenue Fund has declined significantly since 2002.

During the years ended December 31, 2003 and 2004, disbursements of the General Revenue Fund increased primarily due to capital improvements made to the courthouse. Americans with Disabilities Act (ADA) improvements to the courthouse during these two years totaled approximately \$265,000 and room additions and other improvements totaled approximately \$100,000. While the ADA improvements were partially reimbursed by a federal grant, the county incurred costs of at least \$41,700 related to the elevator. In addition, the room additions and other improvements were not reimbursed.

During 2003, a tornado damaged several county businesses and as a result sales tax receipts for the county's General Revenue Fund decreased from \$659,980 in 2002 to \$601,122 in 2003 and \$593,321 in 2004. Total sales tax receipts for the General Revenue Fund during the years ended December 31, 2003 and 2004 totaled approximately \$136,000 less than sales tax receipts during the previous two years. The loss of sales tax receipts and the increase in capital improvement disbursements are the primary factors contributing to the decrease in cash balance.

In addition, the county's practice of budgeting to spend all or nearly all of the county's available resources provides an opportunity for county officials to spend these resources and therefore, may result in increased disbursements and declining cash balances. See Management Advisory Report finding number 2.

The County Commission should review disbursements and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize all receipts in consideration of the General Revenue Fund's financial condition.

WE RECOMMEND the County Commission closely monitor the financial condition of the county taking the necessary steps to improve the financial condition of the General Revenue Fund and consider various alternatives of increasing receipts and reducing disbursements.

AUDITEE'S RESPONSE

The County Commission provided the following response:

Due to business expansions, sales tax receipts appear to be increasing in 2005. We monitor receipts and disbursements monthly.

2. Budgetary Practices

Budget documents prepared by the County Clerk and the County Commission do not reasonably reflect the anticipated disbursements and the ending cash balances of several county funds. The budgets significantly overestimated disbursements, and as a result the actual ending cash balances were much higher than the projected ending balances as follows:

	Year Ended December 31,					
	2004			2003		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Revenue						
Disbursements	\$1,712,259	1,373,183	339,076	1,755,397	1,523,096	232,301
Cash Balance	2,677	133,474	130,797	0	225,640	225,640
Road and Bridge						
Capital Improvement						
Disbursements	1,100,753	257,901	842,852	543,716	344,853	198,863
Cash Balance	1	71,513	71,512	961	27,117	26,156

The County Clerk and the County Commission annually budget to spend all or nearly all available resources in many funds, resulting in an estimated low or zero ending cash balance. Budgeting to spend all available resources results in an inaccurate statement of the county's financial position. Prudent fiscal management of county funds should include setting aside reasonable, but not excessive, amounts of operating reserves to be used in future years or to be available for emergencies.

For budgets to be of maximum assistance to the County Commission and to adequately inform county residents of the county's operation and current financial condition, the budgets should reflect reasonable estimates of receipts and disbursements and the anticipated ending cash balance.

A similar condition was noted in a prior report.

WE RECOMMEND the County Commission review procedures used to establish annual budgets, and prepare more reasonable budgets.

AUDITEE'S RESPONSE

The County Commission provided the following response:

Expenditures were overestimated in some instances due to delays in federal funding and construction. Also, we have budgeted \$60,000 in General Revenue Fund emergency funds each year. Due to the county's financial condition, it is often necessary to budget to -0- because the needs exceed the monies available. If revenues increase in the future, we will budget larger ending balances.

3.	Expenditures
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The county did not always solicit bids or retain bid documentation for various expenditures. The county distributed land tipping fees to the Industrial Development Authority and did not obtain financial reports to show these fees were spent for economic development.

- A. The county did not always solicit bids or retain bid documentation for various expenditures. Examples of expenditures for which bid documentation could not be located are as follows:

<u>Items Not Bid</u>	<u>Cost</u>
Jail food purchases	\$ 18,516
Road and Bridge Road Grader repair	9,228
Road and Bridge Bulldozer repair	<u>9,500</u>
 Total	 <u>\$ 37,244</u>

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices when applicable, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

- B. During the years ended December 31, 2004 and 2003, the county received and distributed land tipping fees of \$139,975 and \$134,865, respectively. The landfill

operator collects a fee of one dollar and fifty cents per ton of solid waste accepted. The fees less the collection costs are forwarded to the county quarterly and the county disburses the fees to the Lewis County Industrial Development Authority. The County Commission did not receive any financial reports from the Industrial Development Authority to document how the funds were spent.

Section 260.831, RSMo, requires such fees to be used by the County Commission or the Industrial Development Authority for economic development within the county. The County Commission should obtain periodic financial reports from the Industrial Development Authority to show that these fees are being spent for economic development.

WE RECOMMEND the County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Obtain periodic financial reports from the Industrial Development Authority to show that land tipping fees are being spent for economic development.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The Sheriff is responsible for purchasing food for the jail. We will ask him to document how this vendor was selected. After the road and bridge equipment was taken apart, more problems were found than originally anticipated.*
- B. *In Lewis County, a ballot issue established the Industrial Development Authority and requires these fees to go to the Industrial Development Authority. However, we will write a letter requesting financial information from the Industrial Development Authority.*

The Sheriff provided the following response:

- A. *We reviewed this several years ago and determined this vendor was the cheapest. We will review this situation again and will maintain documentation of the review.*

4.

Payroll Procedures

The county has not maintained written authorization for employee promotions, terminations, changes in pay rates, and current position. Timecards are not signed by some county officials and the county is not complying with various policies on overtime and vacation leave.

- A. The county does not maintain written authorization for employee promotions, terminations, changes in pay rates, and current position. Without such information in the files, there is no documentation to support the amounts paid to employees.
- B. Timecards are not always signed by the Assessor, Circuit Clerk, or Prosecuting Attorney to attest for the time worked by their employees. Without supervisory review of timecards and a signature to indicate the review, the county cannot be assured that the time records are accurate.
- C. The county has established policies for earning compensatory time, overtime, and vacation leave; however, the county is not complying with various policies. We noted the following concerns during our review.

- The overtime policy provides that overtime is to be earned at one and one half times the hours worked over 40 hours in one week. However, the county did not always calculate the hours worked in accordance with this policy.

Prior to August 2004, the policy indicated that vacation and sick leave would not be counted as hours worked in computing eligibility for overtime, and paid holidays were to be counted as hours worked in computing overtime. In August 2004 the county commission changed the policy to reflect that vacation would be counted as hours worked when computing eligibility for overtime for Law Enforcement employees. We noted an instance in July 2003 where vacation time was counted towards overtime which was against the policy. We also noted instances in June and November of 2004 where holiday hours were not included as part of the calculation of overtime which was also against the policy.

- The vacation policy indicates that vacation time is figured on the anniversary date, and the time earned can not be saved from one year to the next without commission approval. However, during our test work, we found that vacation time is being carried over for several employees without documentation that the county commission approved the carry over.

Adherence to the personnel policy regarding calculations of overtime earnings, as well as vacation leave is necessary to ensure the cost incurred by the county for overtime does not exceed the amount allowed by policy and to ensure all employees are treated consistently and fairly.

WE RECOMMEND the County Commission:

- A. Ensure written authorizations are maintained for employee promotions, terminations, changes in pay rates, and current position.

- B. Require time records to be approved by the applicable supervisor.
- C. Ensure that overtime earnings and vacation time are calculated in accordance with county policy.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We have this information, but have not put it in the personnel files. In the future, we will put it in the personnel files.*
- B. *The Assessor is now signing time cards. The Circuit Clerk no longer has any county employees. We have requested that the Prosecuting Attorney sign time cards, but he has refused. We will send a new request.*
- C. *We will have the payroll clerk review these instances and determine where the errors were made. The payroll clerk has prepared a memo for the County Commission to sign to authorize vacation time to be carried forward past the anniversary date.*

5. Records Technologies Fund and Records Preservation Fund

The Circuit Clerk and ex officio Recorder of Deeds made several questionable disbursements from the Records Technologies Fund and the Records Preservation Fund during the period from February to June 2004.

In December 2003 the Commission approved putting the Recorder of Deeds position on the August 2004 ballot with the split of the two offices to be effective in January 2005.

- A. During February and March 2004, the Circuit Clerk and ex officio Recorder of Deeds made payments totaling \$2,242 from the Records Technologies Fund for wiring to network the Circuit Clerk's Office computers to the State Court System.

The Records Technologies Fund receives revenues from fees, authorized by statutes, associated with the recording of instruments. According to Section 59.800 RSMo, the Records Technologies Fund is restricted for the purchase, installation, upgrade and maintenance of modern technology necessary to operate the Recorder's Office in an efficient manner.

- B. During the period from March to June 2004, the Circuit Clerk and ex officio Recorder of Deeds made additional payments totaling \$6,016 from the Records Preservation Fund for the following items:

- \$4,788 to purchase shelving to store the Circuit and Associate court case files

- \$543 to purchase a key pad lock for the Circuit Clerk's office door
- \$685 to purchase two tables and a state seal for the secondary courtroom

The Records Preservation Fund receives revenues from fees, authorized by statute, associated with the recording of instruments. According to Section 59.319 RSMo, the Records Preservation Fund is restricted to purchases for record storage, microfilming, and preservation, including anything necessarily pertaining thereto. The Circuit Clerk indicated that he interpreted this statute to include all of his office's record's preservation, and since he was the Circuit Clerk and ex officio Recorder at the time of the purchase that would include preservation of the circuit and associate case files.

While these expenditures may have benefited the Circuit Clerk's Office, it is unclear how the Recorder's Office which was to split from the Circuit Clerk's Office at the beginning of 2005 benefited from these expenditures. The Circuit Clerk indicated these expenditures were necessary when his office was moved following the completion of the courthouse expansion. According to the agreement entered into between the County Commission and the Court, no General Revenue funds were to be spent for moving the office or furnishing the new office. As a result, the Circuit Clerk indicated it was necessary to make these expenditures from the Records Technologies Fund and the Records Preservation Fund.

WE RECOMMEND the Circuit Clerk, Recorder, and the County Commission ensure restricted funds are used as required by state law.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We agree with the finding that the Circuit Clerk used the special funds incorrectly. The County Commission does not control the expenditures of these funds.

The Circuit Clerk provided the following response:

I will work with the County Commission to ensure that restricted funds are used in a manner prescribed by law.

The current Recorder provided the following response:

In the future, I intend to make disbursements from these funds in accordance with statutes.

6.**County Collector's Accounting Controls and Procedures**

The Collector does not reconcile daily receipts and deposits to a daily abstract, does not perform reconciliations between the bank balance and related liabilities, and does not ensure back property tax charges reported on the annual settlement agree to the total credits reported on the prior year's annual settlement. The County Collector does not perform adequate monthly bank reconciliations for the Collector Tax Maintenance Fund and expenditures from that fund are not adequately supported by invoices and in some cases appear questionable.

- A. Although the County Collector reconciles his manual receipt log to his daily deposits, a daily abstract is not printed and reconciled to the amounts deposited. While monthly abstracts are prepared, they are not adequately reconciled to the deposits made during the month. The February 2005 reconciliation included three tax payments totaling \$459 that were made in December 2004 but not posted to the computer system until February 2005. In addition, the April 2005 reconciliation reflected an additional tax payment of \$833 made in December 2004 which was not posted until April 2005. It was not clear how these items had been handled in the December reconciliation. As a result of some tax payments not being abstracted timely, it appears the back tax books have been overstated. Delinquent tax bills were not mailed to taxpayers after the back tax books were printed for the 2004 tax year.

To properly reconcile receipts to deposits and ensure all monies are being properly recorded and deposited, a daily abstract should be generated and reconciled to the daily receipts. Without these reconciliations, the County Collector has no assurance that all transactions have been properly recorded. To ensure the accuracy of the delinquent tax books, delinquent tax statements should be sent to all taxpayers reflected as being delinquent in the back tax books.

- B. The County Collector does not perform adequate monthly reconciliations between the amounts in his bank account, various liabilities, and other reconciling items to which the cash balance relates. The County Collector last attempted to prepare a reconciliation in August 2004, however, he had no documentation of how his reconciled balance agreed to any book balance or listing of liabilities. The Collector has not maintained a balance in his cash control ledger with which to balance.

As of February 28, 2005, we determined that a shortage existed. The reconciled bank balance was \$9,315 less than undistributed tax collections, surtax, and interest. After bringing this to the County Collector's attention, he determined that property taxes totaling \$4,524 had been erroneously deposited into the Collector Tax Maintenance Fund (see part D below). He also identified two not-sufficient funds checks, totaling \$1,396, that had been returned by the bank, but not subsequently collected from taxpayers. Additionally, during April 2005, the County Collector reduced tax payments to county schools by \$8,226 as he thought distribution errors had been

made. However, he could not locate any errors made and had no calculation to support this adjustment. This adjustment was apparently made in an attempt to fix the shortage.

The Collector has not identified the remaining shortage of \$3,395. In addition, as discussed in part A above, taxes totaling \$833 paid in December 2004 were not posted to the computer system until April 2005, effectively increasing the shortage to \$4,228. As some taxes are not posted to the computer system in a timely manner, the shortage could be even larger. In addition, when posting payments after December 31, it is necessary for the collector's office to manually override the interest and penalties that are automatically assessed by the computer system for late payments. Such procedures decrease the control over tax collections.

A similar condition was noted in prior audit reports and there has been very little action by the County Collector to remedy the condition or implement the prior recommendations. Monthly reconciliations of cash balances to liabilities are necessary to ensure that all collections have been distributed, to ensure that sufficient assets exist to cover liabilities, and to identify errors in a timely manner.

- C. Back property tax charges reported on the annual settlement did not always agree to the total credits reported on the prior year's annual settlement. The annual settlement completed for the year ended February 29, 2004 reported delinquent taxes of \$456,843, which should have been carried forward to the 2004 tax year as a charge for delinquent taxes. However, the annual settlement completed for the year ended February 29, 2005 reflected delinquent charges of only \$434,669. Of this \$22,174 difference, \$21,266 is related to 2002 delinquent drainage district taxes reported on the 2004 annual settlement. Although the annual settlement indicated there were no collections for 2002 drainage district taxes and the amount was still delinquent, it was not carried forward to the 2005 settlement. We also noted a difference of \$1,730 when comparing delinquent taxes from the annual settlement completed for February 28, 2003 to the annual settlement completed for February 29, 2004.

Failure to adequately reconcile charges and credits reduces the assurance that the County Collector has accounted for all charges presented. Additionally, the potential for loss to the county exists from inadequate monitoring of delinquent taxes.

- D. The County Collector opened a Collector Tax Maintenance Fund bank account in February 2003, and maintains custody of the fund and bank account. Adequate internal controls have not been established to ensure all transactions are being properly handled and recorded.
- 1) The approved budget for the Collector Tax Maintenance Fund did not adequately reflect the beginning cash amounts. The 2004 budget reflected a beginning cash balance of \$3,705 while the actual cash balance was \$7,854.

- 2) Monthly bank reconciliations are performed; however, no check register balance or other book balance is maintained. As a result, the reconciled bank balance is not compared to any book balance and errors have gone undetected.

The County Collector made several incorrect deposits of daily tax collections into the Collector Tax Maintenance account. During 2004 and 2003, daily tax collections totaling \$14,801 and \$9,199, respectively, were deposited into the Collector Tax Maintenance account instead of the collector's regular bank account. The Collector corrected these errors at a later date. An additional \$4,524 deposited into the Collector Tax Maintenance Fund in October 2003 was not identified or transferred to the collector's regular account until May 2005, upon our inquiry investigating the shortage in the collector account. Because the County Collector does not prepare adequate monthly bank reconciliations, he did not detect this error in a timely manner.

Maintaining a book balance and preparing adequate monthly bank reconciliations is necessary to ensure receipts and disbursements are properly accounted for and to detect errors in a timely manner.

- 3) Expenditures made from the Collector Tax Maintenance Fund were not adequately supported by invoices or other documentation and in some cases appear questionable.

The County Collector has access to a debit card which is used for training expenditures. In September 2003, the County Collector used the debit card to pay his personal cable bill of \$108. The Collector indicated he made an error and used the wrong card, however this amount was not reimbursed to the Tax Maintenance Fund until March 2005 after our inquiries.

In November 2003, the Collector withdrew \$300 in cash from the Tax Maintenance Fund account, for mileage and meals for three days of Missouri Association of Counties training. However, the Collector also received mileage reimbursement from the county of \$155 to attend this training. The County Collector did not retain receipt slips and other documentation to support the \$300 cash expenditure. In addition, the debit card was used to pay \$148 to the resort where the training was being held, but the Collector had no invoice detailing these charges.

All expenditures should be supported by paid receipt slips or vendor-provided invoices. Without such documentation, it is unclear whether these purchases are valid and necessary expenditures.

The County Treasurer maintains custody of most other county special revenue funds similar to the Collector Tax Maintenance Fund and has established internal controls

to properly account for these funds. To ensure adequate internal controls have been established to account for these county funds, the County Collector should consider turning over control of the Collector Tax Maintenance Fund to the County Treasurer.

WE RECOMMEND the County Collector:

- A. Generate daily abstracts, reconcile daily abstracts to daily receipts, and ensure all receipts are abstracted and distributed on a timely basis. In addition, the County Collector should send delinquent tax statements to all taxpayers reflected as delinquent on the back tax books.
- B. Perform monthly reconciliations between bank balances, cash balances, and monthly statements of collections. In addition, the County Collector should investigate the shortage and make any appropriate adjustments to property tax distributions.
- C. The County Collector prepare and file accurate annual settlements that ensure all amounts charged have been accounted for.
- D. Consider turning over control of the Collector Tax Maintenance Fund to the County Treasurer. If this is not done, at a minimum, the County Collector, should:
 - 1. Ensure all available resources are reflected in the county budget document.
 - 2. Maintain a book balance, prepare adequate monthly bank reconciliations, and ensure any errors detected are corrected in a timely manner.
 - 3. Ensure all expenditures from the Collector Tax Maintenance Fund are valid and necessary expenditures and maintain adequate documentation to support the expenditures.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *I have tried to explain to the auditors that the request for a computer generated daily abstract or summary of collections is not practical with our computer operating system. In the "current tax" period of collections, our computer system "batches" reports in such a fashion that they can be generated only once. I have chosen to generate the collection report at the time that I do my monthly distribution of collections. My office does perform a daily, detailed, manual report of collections that matches collections, statements and bank deposits, thus our collections are reconciled. These daily reconciliations are matched to the computer report at the time of settlement. I believe that this system provides more safeguards and accountability than the computer generated daily reports recommended by*

the Auditor. However, I will discuss with the computer vendor to see if it is possible to generate daily printouts without losing detail for monthly reports.

I abandoned the practice of mailing delinquent tax statements because of an informal discussion with the Auditor's Office. When my office mails current tax statements, we mark delinquencies on those statements per Section 52.230, RSMo. At the time the delinquent tax notice clause was added to the statute, I asked a representative of the Auditor's Office if any other type of delinquent notice was necessary, I was told no. I have on occasion, as time and budget allowed, sent delinquent tax notices to stimulate collections but did not consider such mailings as a requirement. To my knowledge the only statutory requirement is Section 52.230, RSMo. If I am advised of other requirements, I will of course meet them.

- B. I am personally responsible for the reconciliation of bank balances and admitted that my performance is faulted. During the period covered by the audit, tax years 2003 and 2004, my office collected and distributed to the governmental entities, over nine million dollars and the audit has determined a shortage in the Collector's account of approximately \$4,228. I believe that shortage is due to distribution errors. I am working to identify those errors and make appropriate adjustments.*

To prevent similar problems in the future, I am implementing new controls: I will make monthly bank reconciliations using a computer bookkeeping system and I will have my work checked by my office staff.

- C. The annual settlement is a recapitulation of all taxes charged for collection, all adjustments to those taxes, all collections, distributions and delinquencies. I was inaccurate with some of the source information when preparing the recapitulation. I will use greater diligence and implement this recommendation on the next annual settlement.*
- D. On Monday, August 15th, 2005, I wrote a check to the County Treasurer to turn over the Tax Maintenance Fund.*

AUDITOR'S COMMENT

- A. As evidenced by the errors noted, the Collector's daily procedures are not working. While not statutorily required, back tax statements may be appropriate given the errors identified.*

7. Jail Commissary Controls and Procedures

Inmate account balances are not consistently verified prior to commissary orders being placed, commissary purchases are not always deducted from inmate account balances, and the balance of the commissary account is not being reconciled to the individual inmate balances plus commissary profits. Order forms for cigarettes and phone cards are not always maintained in the inmate's file, commissary profits are not periodically turned over to the

county, and inventory records are not maintained for cigarettes and phone cards purchased by the Sheriff's Office.

The Sheriff established a separate commissary checking account in January 2003 for the deposit of personal funds of inmates placed in the Lewis County jail. The funds are held in trust for the inmates and may be used to purchase various products. A computerized record is maintained for each inmate which reflects monies received on the inmate's behalf, purchases made from the commissary, and the available cash balance. The Sheriff's Office uses an outside vendor for commissary purchases except for cigarettes and phone cards which are purchased by the Sheriff's office and kept as inventory for the inmates to purchase. During the years ended December 31, 2004 and 2003, the Sheriff's Office received approximately \$16,000 and \$12,000, respectively, for commissary receipts.

A. The Sheriff's Office maintains a computerized record of the inmate's commissary purchases and account balances. During our review of these records, the related controls, and procedures surrounding it, we noted the following concerns:

- 1) The balance of the commissary account is not being reconciled to the individual inmate balances plus commissary profits. We obtained a listing of inmates in custody at December 31, 2004, determined their balances, and prepared an open-items listing. As of December 31, 2004 the reconciled cash balance was \$2,477 and the identified open items were \$162. As discussed in Part B below, commissary profits of \$1,744 were also maintained in the account at December 31, 2004. The remaining \$571 in the account has not been identified by the Sheriff's Office. In several instances an inmate was released and the balance from the inmate's account was not refunded to the inmate. These balances had not been identified on the open items listing which resulted in a difference between the list and the bank balance.

To ensure proper accountability over inmate monies and ensure monies held in trust are sufficient to meet liabilities, the inmate account records should be reconciled monthly to the bank account. Upon being released from the Lewis County jail, any balance remaining in the inmate's account should be refunded to the inmate, or sent to the correctional facility to which the inmate is transferred.

- 2) Inmate commissary account balances are apparently not checked prior to an inmate's commissary order being placed with the vendor as one inmate had a negative balance. In addition, commissary purchases are not always deducted from the inmate's commissary account balance resulting in inaccurate balances. If the Sheriff's office periodically reconciled the balance of the commissary account to the individual inmate balances (see A.1 above), such errors could be identified and corrected in a timely manner.

The Sheriff's office needs to ensure that procedures are in place to check inmate commissary account balances prior to orders being placed and needs to ensure that all purchases are deducted from inmate account balances.

- 3) The Sheriff's Office is not maintaining some inventory order forms in the inmate's file. The Sheriff's Office purchases cigarettes and phone cards to be placed in inventory and inmates are to fill out an inventory order form to receive these items. Several stock order forms could not be located to support deductions that had been made from the inmate's commissary account. To ensure inmate account balances are properly maintained, the Sheriff's Office should maintain documentation to support all transactions.
- B. Commissary profits are not being turned over to the county periodically. The Sheriff's Office receives a commission based on the amount of purchases made by inmates. As of December 31, 2004, commissary profits totaling \$1,744 were maintained in the commissary account. The Sheriff's Commissary account profits should be deposited into the county treasury and handled like other county funds. Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.
- C. The Sheriff's Office does not maintain a running inventory (perpetual inventory) of commissary items purchased, sold to inmates, and inventory balances. The sheriff's office purchases phone cards and cigarettes which they keep as an inventory for the inmates to purchase.

To ensure commissary items are properly recorded and handled, purchases and sales should be compared with actual inventory on hand. Loss, misuse, or theft of commissary inventory may go undetected without adequate inventory records. In addition, a physical inventory count should be made periodically and reconciled to the inventory balances.

WE RECOMMEND the Sheriff:

- A.1. Prepare monthly listings of individual inmate balances and reconcile the listing to the balance in the commissary account and investigate any differences. Inmate account balances should be properly refunded or transferred to the next correctional facility at the time of release.
2. Ensure inmate account balances have sufficient funds prior to commissary orders being placed. Procedures need to be in place to ensure that all commissary purchases are deducted from inmate account balances.
3. Maintain inventory order forms for cigarettes and phone cards in the inmate's file.

- B. Discontinue the practice of maintaining commissary profits outside the county treasury. These profits should be turned over to the county treasury on a periodic basis.
- C. Maintain perpetual inventory records for commissary items and reconcile inventory records to periodic physical inventory counts. Any discrepancies should be investigated in a timely manner.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A.1. *We reviewed records of every inmate using the commissary since 2003 and disbursed amounts due to them. After preparing the July 2005 bank reconciliation, we will reconcile the balance in the account to the inmate balances.*
- 2. *We have established procedures to check inmate account balances prior to orders being placed. We will ensure all commissary purchases are entered.*
- 3. *We have established a new form for stock orders that will be kept in a separate file. We will no longer put these forms in the individual inmate files.*
- B. *We will turn commissary profits over to the treasurer immediately to be placed in a separate commissary fund.*
- C. *We have implemented procedures to maintain records of inventory.*

8. Sheriff's Records and Procedures
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The Sheriff's Office does not obtain receipt slips from the Associate and Circuit Courts for turnover of bond monies, does not obtain written contracts for the boarding of prisoners, and does not maintain adequate documentation of invoices sent to other entities for the boarding of prisoners. Receipts are not deposited on a timely basis and the Sheriff failed to withhold \$1,755 in accountable fees from a partition sale.

The Sheriff's Office is responsible for collecting incarceration costs, civil and criminal process fees, gun permit fees, cash bonds, and partition sale receipts. These monies totaled approximately \$551,000 and \$133,000 during the two years ended December 31, 2004 and 2003, respectively. We noted the following concerns:

- A. The Sheriff's Office makes a periodic turnover to the Associate and Circuit Courts for inmate bond money; however no receipt slip is obtained at the time of the turnover.

During December 2004, we noted three \$500 cash bonds were not deposited by the Sheriff's Office but were turned over to the Associate Court in cash. Although the Associate Court deposited these bonds, the Sheriff's Office did not receive a receipt slip.

To provide assurance all bond receipts are accounted for properly, receipt slips should be obtained by the Sheriff's Office for any bonds that are given directly to the courts.

B. The Sheriff's Office houses prisoners for other entities (primarily counties) in the county jail and bills the entities for these services. The Sheriff's Office also pays another county to board Lewis County's female prisoners.

1) The Sheriff's Office has a verbal agreement with Knox County for the boarding of that county's male inmates at the amount of \$32.50 per day. In addition, the Sheriff's Office has a verbal agreement with Clark County for holding Lewis County's female prisoners for the amount of \$35.00 per day. Section 432.070, RSMo, requires all county contracts to be in writing. Written contracts are necessary to outline the terms of arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of such expenditures.

2) The Sheriff's Office does not bill for the boarding of prisoners until a prisoner is released and does not maintain adequate documentation of invoices sent to other entities for boarding of prisoners. In February 2005, Knox County owed Lewis County over \$12,000 for an inmate who had been boarded since January 2004. We also noted the Sheriff does not always indicate on the log of amounts billed that the entities have paid and does not maintain copies of the invoices sent so any follow up can be done in a timely manner.

The Sheriff's Office should be preparing monthly billing statements for the boarding of inmates. In addition, the Sheriff's Office should adequately maintain the log of amounts billed to other counties and keep copies of invoices sent to other counties so follow up on those bills can be done within a reasonable period of time to ensure the county is paid amounts owed in a timely manner.

C. Receipts are not deposited on a timely basis. During the year ended December 31, 2004, monies were generally received each business day; however, deposits were made only approximately one or two times per week for an average of \$1,650 per deposit in the month of December 2004.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when daily accumulated receipts exceed \$100.

- D. The Sheriff failed to withhold \$1,755 in accountable fees from a partition sale. The Sheriff indicated that he relied on the heir's attorney to calculate the fee. Our calculation of fees in this case indicated the fee should have been \$1,755 more than what was charged by the Sheriff's office.

Attorney General's Opinion No. 108, 1970 to Holman, provides that commissions on partition sales are accountable fees and should be paid into the county's General Revenue Fund. The Sheriff should make further attempts to collect these fees due to the county, and in the future, withhold partition sale fees from the proceeds of the sale.

In addition the Sheriff's partition bank account has a balance of \$400 which is primarily due to interest earned on funds received from the partition sale discussed above. If the remaining fees owed to the county cannot be collected, the \$400 in interest money should be transferred to the General Revenue Fund to compensate for the loss in fees. If the Sheriff recoups the loss of fees, then the interest should be distributed to the heirs.

Condition C was noted in a prior report.

WE RECOMMEND the Sheriff:

- A. Obtain receipt slips from the Associate and Circuit Courts when turning over bond monies.
- B.1. And the County Commission obtain written contracts for all services.
2. Prepare inmate board billing statements monthly. In addition, the Sheriff should adequately maintain the log of amounts billed to other entities for board of prisoners and copies of invoices sent to the entities so follow up on any unpaid bills can be done on a timely basis.
- C. Require monies be deposited daily or when daily accumulated receipts exceed \$100.
- D. Ensure that the fees on partition sales are properly computed and documentation is maintained to support the calculation of the Sheriff's fee. In addition the Sheriff should try to recoup the additional fees due from the heirs. If the Sheriff can not recoup this loss then he should turn over the \$400 in interest to the County General Revenue Fund to partially compensate the loss of fees. If the Sheriff can recoup the loss of fees, then the interest should be distributed to the heirs.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. Effective January 28, 2005, we receive a receipt slip from the courts.*
- B.1. I will review this statute and speak with other sheriffs and consider preparing a memorandum of understanding.*
 - 2. We have started billing monthly. We record payments received on a log. We do not think it's necessary to maintain copies of the invoices because we are billing only a few public entities and we have no problem collecting payments.*
- C. It is office policy to make deposits when we have received in excess of \$100.*
- D. I relied on the attorney to calculate this amount. This amount was confirmed by a court order. I will turn the \$400 in interest over to the General Revenue Fund.*

The County Commission provided the following response:

- B.1. The County Commission and the Sheriff will enter into agreements with these counties.*

9. Circuit Clerk and Ex Officio Recorder of Deeds
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Formal procedures have not been established by the Circuit Clerk to ensure all accrued costs are adequately identified and pursued. The Recorder of Deeds does not have a policy on procedures to handle overpayments received from recording fees. During the audit period, the offices of Circuit Clerk and Recorder were combined. However, beginning in January 2005, the offices of Circuit Clerk and Recorder have been separated.

The Circuit Clerk's Office processed receipts from fines and costs for criminal and civil cases of approximately \$270,000 and \$225,000 during the years ended December 31, 2004 and 2003, respectively. The Recorder of Deeds' Office collected approximately \$75,000 and \$88,000 during the years ended December 31, 2004 and 2003, respectively.

- A. Formal procedures have not been established by the Circuit Clerk to ensure all accrued costs are adequately identified and pursued. When costs are initially assessed to a case, the Circuit Clerk prepares and sends a cost bill to the defendant. If payment is not received, the Circuit Clerk does not initiate any further collection procedures. In addition, summary records have not been maintained of the accrued costs balance since February 2004. The Circuit Clerk's accrued cost report as of February 2004 indicated there is approximately \$284,695 in accrued case costs, restitution, and jail board bill.*

To ensure that all applicable receipts are received by the court, formal procedures should be established and records of accrued cost balances should be maintained. These records should be periodically reviewed to ensure accrued costs are identified and followed up in a timely manner.

- B. The Recorder of Deeds does not have a written policy on procedures to handle overpayments received from recording fees. The informal policy is that monies are not refunded unless requested by the individual or the overpayment exceeds \$15. Overpayments that are not refunded are turned over to the General Revenue fund as recording fees. In October 2003, \$76 was overpaid by individuals and approximately \$8,500 was collected for the month. A policy should be developed to determine when refunds should be made and how to handle recording overpayments.

WE RECOMMEND:

- A. The Circuit Clerk maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- B. The Recorder of Deeds develop a policy to determine when refunds should be made and how to handle recording overpayments.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following response:

- A. *On September 6, 2005, the courts will implement the Justice Information System (JIS), a statewide automated records keeping system. This system will provide reports that will identify accrued costs. After implementing JIS, Lewis County plans to participate in the statewide debt collection system.*

The current Recorder provided the following response:

- B. *Of the \$76 that originally appeared to be an overpayment, \$50 was fees for non-standard documents that was not reflected as non-standard fees. Since October 2003, I have started recording non-standard fees in a separate line on the computer system.*

I prefer not to issue refund checks for overpayment of fees because many companies do not cash refund checks for small amounts. Having these small checks outstanding for a long period of time creates additional record keeping. Therefore, I will reject the document and request payment for the correct amount.

10.**Prosecuting Attorney's Accounting Controls and Procedures**

Monthly open items listings are not prepared and receipts are not deposited on a timely basis. The Prosecuting Attorney's Office collected bad check related restitution and fees totaling approximately \$27,000 and \$23,000 during the years ended December 31, 2004 and 2003, respectively.

- A. Monthly open item listings are not prepared, and reconciled to the cash balance. The Prosecuting Attorney's deputy indicated she performs monthly bank reconciliations on the computer, but does not print the reconciliations. In addition, there is a \$138 balance remaining in the account that has not been identified and distributed.

Preparation of monthly open items listings, in conjunction with reconciliations to book and bank balances, is necessary to ensure sufficient assets exist to cover liabilities and allow for timely correction of errors. Unidentified balances should be disposed of as provided by state law.

- B. Receipts are not deposited on a timely basis. During the period October through December 2004 and April through July 2003 there were receipts in excess of \$100 that were held between 7 and 20 days.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when daily accumulated receipts exceed \$100.

Condition A was noted in a prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. Dispose of unidentified monies in accordance with state law.
- B. Require monies be deposited daily or when daily accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *Monthly bank reconciliations were prepared, but not printed. We are now printing the reconciliations. The unidentified difference will be turned over to the County Treasurer as unclaimed fees. In the future, we will reconcile the bank balance to the open items.*
- B. *We have started depositing receipts on the day received if amounts exceed \$100.*

Closed meeting minutes were not always prepared. Budget documents prepared by the board were not accurate. Several receipting procedures relating to issuing receipt slips, restrictively endorsing checks and money orders, and making timely deposits should be improved. Some expenditures were not approved by the board prior to payment, bids were not obtained for some purchases, several invoices were not paid in a timely manner, and there were no procedures in place to ensure Forms 1099 were filed. Property records did not include a radio system purchased by the board and did not include all necessary information for other assets. The E-911 Director handles receipts and disbursements and is not bonded.

- A. Minutes were not always prepared to document the matters discussed in closed meetings. During the two years ended December 31, 2004, there were five closed session meetings that did not have documented minutes.

Section 610.021, RSMo, allows the board to close meetings to the extent they relate to certain specified subjects, including litigation, real estate transactions, and personnel issues and requires a journal or minutes of closed meetings to be taken and retained by the board.

- B. The E-911 Fund was established in 2000. The E-911 Board has not yet developed adequate procedures to prepare and monitor budgets for the fund. As a result, we noted the following concerns related to the E-911 Board's budgets:

- 1) Receipts, disbursements and year-end cash balances reported on the E-911's annual budgets did not agree to the E-911's internal accounting records or to the reconciled bank balance at year end. Many of the receipt and disbursement entries on the accounting records were misclassified and category totals did not agree to the annual budgets.

Adjustments have been made to the audited financial statements so that total disbursements and ending balances agree to the bank. As a result, we have presented unclassified disbursements of (\$44,812) and (\$791) during the years ended December 31, 2004, and 2003, respectively.

The E-911 Board has no procedures to ensure amounts reported in the budget agree to internal accounting records. For the annual budgets to present the E-911 Board's complete financial activity, all monies received and disbursed in a calendar year should be reflected in the E-911 Fund's budget document and agreed to the year-end reconciled bank balance.

- 2) The approved budgets for the E-911 Fund did not reflect accurate beginning cash amounts. The 2004 and 2003 budgets reflected beginning cash balances

of \$82,964 and \$283,253, respectively, and audited cash balances for 2004 and 2003 were \$193,037 and \$274,625, respectively.

For the budget documents to be of maximum assistance to the county and to adequately inform the county residents of the operations and current financial position, the budgets should reflect actual total resources on hand at the beginning of the year.

- 3) Actual expenditures exceeded budgeted amounts during the years ended December 31, 2004 and 2003 by \$7,881 and \$226,435, respectively. A budget amendment was approved by the board for 2004, but was not submitted to the County Clerk or the State Auditor's Office. Even with the 2004 budget amendment, actual expenditures exceeded budget amendment amounts. In 2003 the E-911 Board did not budget for the purchases of radio equipment, radio tower, and telephone equipment which totaled \$196,000. The E-911 Board did not have sufficient procedures in place to adequately monitor the budget.

It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

C. The following concerns related to the E-911 Board's receipting procedures:

- 1) Prenumbered receipt slips are not always issued for monies received. In addition, some receipt slips could not be located. To account for monies received, prenumbered receipt slips should be issued for all monies received and their numerical sequence accounted for properly. Issuing and accounting for prenumbered receipt slips is necessary to ensure proper recording and accountability of receipts.
- 2) The method of payment (cash, check, and money order) is not consistently indicated on the receipt slips. To ensure receipts are accounted for properly, the method of payment should be recorded on the receipt slips and the composition of the receipt slips issued should be reconciled to the composition of deposits.

- 3) Checks and money orders are not restrictively endorsed immediately upon receipt. To adequately safeguard receipts, all checks and money orders should be restrictively endorsed immediately upon receipt.
- 4) Deposits are not always made on a timely basis. For example, we noted \$600 received during the period from April 12, 2004 through May 16, 2004 was deposited on June 3, 2004. We also noted the E-911 Board received \$900 checks on August 13, 2004, August 19, 2004, and August 24, 2004. All three checks were held until September 8, 2004 and deposited together. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.

D. The following concerns related to the E-911 Board's expenditures:

- 1) Some expenditures are not being approved by the board prior to payment. In addition, the E-911 Board does not have adequate procedures to ensure that invoices supporting expenditures are mathematically accurate. Invoices are received and processed by the E-911 Director. A listing of the invoices is then to be presented to the board for review and approval is noted in the minutes. Checks are then signed by the board treasurer and board chairman. However, several invoices were paid and could not be located on a board approved listing of expenditures. We also noted a payment made in 2004 for a radio system and installation was \$1,295 more than the total of the related invoices. Proper approval from the E-911 Board was not documented for the payment of this invoice.

Strong internal controls are necessary to ensure that all invoices have been adequately reviewed prior to payment.

- 2) Bids were not always solicited, nor was bid documentation always retained for various purchases made by the E-911 Board during the audit period. Examples of items purchased for which bids were not taken or adequate bid documentation could not be located are as follows:

<u>Item Purchased</u>	<u>Cost</u>
Radio tower	\$ 29,021
Telephone equipment	14,902
Property insurance	<u>5,190</u>
Total	<u>\$ 49,113</u>

Section 50.660, RSMo, requires the advertisement for bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of E-911 resources and help assure the board that it receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, newspaper publication notices when applicable, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

- 3) Several bills were not paid in a timely manner and the board has incurred finance charges on some of these expenditures. For the two years ended December 31, 2004, the board paid three invoices approximately two months after they were received and paid another invoice approximately two weeks after it was due. In one instance, the board incurred finance charges totaling \$369 related to an invoice totaling \$36,876 which was dated February 10, 2003, due by February 20, 2003 and paid on March 13, 2003. Failure to pay bills promptly exposes the board to unnecessary costs.
- 4) The board has no procedures in place to ensure Forms 1099 are filed with the Internal Revenue Service (IRS) when required. As a result, the board did not file 1099s with the IRS for payments in 2003 totaling \$5,066 for the production of road signs.

Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

E. The following concerns related to the E-911 Board's capital asset listing:

- 1) The E-911 Board has not established proper procedures to ensure that all capital assets are included on a listing. The E-911 Board did not record an addition in the capital asset records during the two years ended December 31, 2004. The board purchased a radio system which was not recorded in the capital asset records.
- 2) E-911 Board has not established an adequate capital asset listing which includes all critical information. The property records do not always include necessary information for some assets, such as serial number, make, model, identification number, acquisition date, and the date and method of disposal.

F. The E-911 Director, who handles receipts and disbursements, is not bonded. Adequate bonding is necessary to reduce the risk of loss if funds are mishandled.

WE RECOMMEND the E-911 Board:

- A. Ensure minutes are prepared, approved, and retained for all closed meetings.
- B.1. Ensure all financial information is properly reflected in the annual budget document.
 - 2. Ensure all available resources are reflected in the E-911 budget documents.
 - 3. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- C.1. Issue receipt slips for all monies received and account for the numerical sequence of receipt slips issued.
 - 2. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.
 - 3. Restrictively endorse checks and money orders immediately upon receipt.
 - 4. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D.1. Adopt procedures to ensure all expenditures are reviewed and approved prior to payment, and maintain documentation of board approval such as a listing of all expenditures which is filed with the official board minutes. In addition, billing statements and invoices should be checked for accuracy. The board should follow up on the overpayment noted.
 - 2. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the board. If bids cannot be obtained and sole source procurement is necessary, the board minutes should reflect the circumstances.
 - 3. Ensure all billings be paid by the board in a timely manner to avoid finance charges.
 - 4. Ensure IRS 1099-MISC forms are prepared and submitted as required.
- E.1. Record all property additions in the capital asset records as they occur and periodically reconcile capital asset purchases to the capital asset additions.
 - 2. Maintain capital asset records with a detailed description of each item to include acquisition dates, make, model, serial number, tag number, and date and method of disposition.
- F. Obtain bond coverage for all employees handling assets.

AUDITEE'S RESPONSE

The Chairman of the E-911 Board and the E-911 Director provided the following responses:

- A. We have started maintaining records of closed sessions.*
- B.1&2. We have retained a CPA firm to handle financial statements and reporting. They will assist us in ensuring the budget is accurate.*
 - 3. We monitor budget line items monthly with assistance from the CPA firm and in the future, we will amend the budget as necessary.*
- C.1. We will obtain printed prenumbered receipt slips.*
 - 2. We will ensure the new receipt slip forms have a place to indicate mode of payment. We will reconcile the composition on the receipt slips to the deposits.*
 - 3. We will start doing this.*
 - 4. We will follow the recommendation that receipts accumulating over \$100 be deposited.*
- D.1. We have procedures for reviewing a list of bills prior to payment. We will ensure exceptions to our standard procedures are well documented.*
 - 2. The radio tower and telephone equipment were purchased from vendors recommended by our 911 system consultant. It is our intent to comply with state guidelines for procurements over \$4,500.*
 - 3. During start up procedures, due to conflicts with the equipment contractor, the board withheld funds to ensure completion of system installation and agreed to incur a small percentage of the total late fees. Because of monthly board meetings occasionally bills are paid late and late fees are incurred.*
 - 4. The CPA firm is now issuing 1099 forms for the E-911 Board.*
- E. We will work with the CPA firm to ensure capital asset records are complete.*
- F. The board chairman will make this request to the board.*

12.

Health Center's Controls and Procedures

Actual expenditures exceeded budgeted amounts during 2004. Pre-numbered receipt slips are not issued for some monies received, the composition of receipt slips is not reconciled to the bank deposits, and receipts are not posted to the general ledger in a timely manner.

Health Center employees received payments that appeared to be bonuses. Salaried employees are not required to complete timesheets.

- A. Actual expenditures exceeded the budgeted amounts for the Health Center Fund by \$6,764 in 2004. Although the budget was reviewed at the end of November, 2004, the budget was exceeded in December, 2004.

It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. The Health Center receives monies for vaccines, family planning, birth and death certificates, and medical services performed by the Health Center nurses. The Health Center does not have procedures to ensure that all monies received are deposited.

- 1) Pre-numbered receipt slips are not issued for some monies received by the Health Center. The Health Center combines monies received from several individuals onto one receipt slip and does not clearly indicate what monies are being included in the transaction. Receipt slips are also not issued for certified copies of death certificates. The Health Center maintains a receipt log, however, several receipts were not included on this log.

To properly account for all receipts and ensure all receipts are properly deposited, individual pre-numbered receipt slips should be issued immediately for all monies received. In addition, all monies should be recorded on the receipt log to ensure that all receipts are documented.

- 2) The composition of monies received per the receipt slips is not reconciled to bank deposits. To adequately account for cash receipts and ensure all receipts are deposited, the composition of receipt slips should be reconciled to the composition of bank deposits.
- 3) Receipts are not posted to the cash control ledger on a timely basis. Receipts are posted to the general ledger monthly. A complete and accurate general ledger is necessary to provide summarized financial information and facilitate reconciliations with bank accounts.

- C. The Health Center Board approved bonus payments to the full time Health Center employees. Payments totaling \$3,200 and \$3,100 in December 2004 and 2003 were distributed to the twelve full time Health Center employees. The amount received by each employee was based on a scale of the number of years employed with the Health Center. The minutes indicate this was a "one time pay increase"; however, the employees monthly salary did not increase. These one time pay increases appeared to be bonuses paid to these employees.

These bonuses appear to represent additional compensation for services previously rendered and, as such are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

- D. Although salaried employees complete a record to show the time spent in each area, they are not required to complete formal time sheets which are approved by supervisors. The Health Center does have two hourly employees which are required to complete time sheets and their timesheets are approved by the Health Center Administrator. The salaried employees should be required to prepare a time sheet documenting time worked and submit the time sheet to a supervisor for approval.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. To ensure accurate records are maintained to support payroll expenditures, the time records should be prepared and signed by the employee, approved by the applicable supervisor and filed with the Office Manager.

WE RECOMMEND the Health Center Board:

- A. Not authorize disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, or unexpected revenues are received, the original budget should be formally amended and filed with the State Auditor's Office.
- B.1. Issue receipt slips for all monies received and record all receipts on the receipt log.
2. Reconcile the composition of receipt slips to bank deposits.
3. Post all receipts to the cash control ledger on a timely basis.
- C. Discontinue granting one time pay increases to employees.
- D. Ensure accurate and complete time sheets are prepared and maintained for all employees. The records should be prepared and signed by employees, approved by the applicable supervisor, and filed with the office manager.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. We will amend the budget if we anticipate going over and file the amendment as appropriate. In 2004, the revenues exceeded the budget by \$59,480. Expenses did not exceed the budget until December. At the end of November, we reviewed the status of the budget and we were underbudget, so we did not amend the budget.*
- B.1. We will issue receipt slips for all monies received and will record all receipts on the receipt log.*
 - 2. We will designate someone to collect monies and write receipts. These receipts will be recorded in a log. The office manager will deposit in the bank. She will ensure that the composition of deposits matches the receipts and the log. There will be a separate log kept for family planning. Those receipts will be recorded in the log.*
 - 3. Deposits and checks are reconciled at the end of each month. We will start posting to the cash control ledger at least weekly.*
- C. We will discontinue granting one-time pay increases to employees. We will consider granting mid-year raises if the budget allows.*
- D. We have developed a new time sheet form that will be signed by the administrator.*

Follow-Up on Prior Audit Findings

LEWIS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Lewis County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Actual expenditures exceeded budgeted expenditures for the Special Road and Bridge Fund and the Associate Judge Interest Fund.
- B. The annual published financial statements of the county did not include the financial activity of some county funds as required.
- C. Budget documents prepared by the County Clerk and approved by the County Commission did not properly reflect the anticipated financial position of several county funds.

Recommendation:

The County Commission:

- A. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- B. And the County Clerk and the E-911 Board ensure the financial information for county funds is properly reported in the annual published financial statements.
- C. Base estimated expenditures on historical experience and known additional programs, and present a reasonable estimate of the county's financial position.

Status:

- A. Partially implemented. Although improvement was made, expenditures of the D.A.R.E Fund exceeded budgeted expenditures by \$58 during 2003.
- B. Partially implemented. With the exception of the Law Library Fund, all county funds were included in the published financial statements.

C. Not implemented. See MAR finding number 2.

2. Officials' Salaries

Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The Associate County Commissioners were given raises, totaling approximately \$10,880 for the two years ended December 31, 2000. Based on the Supreme Court decision, the raises given to the Associate County Commissioners were unconstitutional and should be repaid.

Recommendation:

The County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. During our prior audit, the Commission responded that since they acted in good faith and complied with the law until May 15, 2001 when the law was over ruled, they did not feel any changes should be made years later that affect the salaries. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Collector's Accounting Controls and Procedures

A. The County Collector did not perform monthly reconciliations between the bank balance and the monthly statement of collections and other monies which were undistributed.

B. The County Collector did not file annual settlements with the County Commission on a timely basis.

Recommendation:

The County Collector:

A. Perform monthly reconciliations between bank balances, cash balances, and monthly statement of collections. In addition, any remaining balance should be properly identified and disbursed in accordance with state law.

B. File annual settlements in a timely manner.

Status:

A. Not implemented. See MAR finding number 6.

B. Implemented.

4. Prosecuting Attorney's Accounting Controls and Procedures

A. Accounting duties were not adequately segregated. The Prosecuting Attorney's bookkeeper was primarily responsible for collecting, recording, depositing and disbursing all monies.

B. Monthly open items listings were not prepared.

Recommendation:

The Prosecuting Attorney:

A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

B. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. Dispose of unidentified monies in accordance with state law.

Status:

A. Implemented.

B. Not implemented. See MAR finding number 10.

5. Sheriff's Accounting Controls and Procedures

A. Accounting duties were not properly segregated. The Sheriff's bookkeeper was primarily responsible for collecting, recording, depositing, and disbursing all monies.

B. Receipts were not always deposited intact on a timely basis. The Sheriff issued receipts from two sets of receipt slips, and did not reconcile each set of receipts.

Recommendation:

The Sheriff:

A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

B. Issue one set of sequential official prenumbered receipt slips for all monies received or reconcile monies recorded on the two sets of receipts currently issued. In addition, deposit all receipts intact daily or when accumulated receipts exceed \$100.

Status:

- A. Implemented.
- B. Partially implemented. Receipts are now reconciled to the deposits. However, deposits of receipts are not performed daily or when accumulated receipts exceed \$100. See MAR finding number 8.

6. Public Administrator's Accounting Controls and Procedures

- A. Monthly bank reconciliations were not performed. In addition, a review of the check registers and annual settlements maintained for some cases indicated that they did not always represent a complete listing of receipt and disbursement activity and cash balances.
- B. We noted several instances where amounts due for services or products received by wards were not paid timely by the Public Administrator.

Recommendation:

The Public Administrator:

- A. Maintain a complete check register for each case and perform monthly bank reconciliations. The annual settlements should include all receipt and disbursement activity and indicate the reconciled cash balance.
- B. Pay bills when due.

Status:

- A. Partially implemented. Monthly bank reconciliations are now being performed by the Public Administrator and check registers are maintained including all receipt and disbursement activity. However, some annual settlements still do not include all receipt and disbursement activity. For example, one settlement listed checks that cleared the bank rather than those written during the settlement period. In another case, the annual settlement did not include some of the ward's paychecks since they were cashed by the ward, and not deposited by the Public Administrator. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

7. Health Center

- A. Receipting duties were not adequately segregated. The Health Center bookkeeper was primarily responsible for receiving, recording, preparing the deposits, making the deposits, and preparing month-end bank reconciliations and monthly reports.
- B. Monies received were not deposited intact. Personal checks were cashed for health center employees from the daily receipts.
- C. Budget documents prepared by the Health Center did not properly reflect the anticipated financial position.

Recommendation:

The Health Center Board of Trustees:

- A. Ensure that receipting duties are properly segregated, or at a minimum, require someone other than the bookkeeper to perform and document a periodic review of receipts to deposits.
- B. Deposit all monies received intact and discontinue cashing checks for employees.
- C. Base estimated expenditures on historical experience and known additional programs, and present a reasonable estimate of the Health Center's financial position.

Status:

A,B
&C. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LEWIS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Lewis was named after Meriwether Lewis, an explorer and governor of the Missouri Territory. Lewis County is a county-organized, third-class county and is part of the Second Judicial Circuit. The county seat is Monticello.

Lewis County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 530 miles of county roads and 100 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 10,901 in 1980 and 10,494 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	51.0	50.1	48.4	44.3	37.7	18.2
Personal property		24.5	26.6	26.3	26.0	11.8	8.3
Railroad and utilities		11.7	11.3	12.1	12.3	11.2	6.0
Total	\$	87.2	88.0	86.8	82.6	60.7	32.5

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Lewis County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$.2679	.2638	.2501	.2487
Special Road and Bridge Fund *		.4917	.4879	.4847	.4828
Health Center Fund		.1000	.1000	.1000	.1000

* The county retains all tax proceeds from areas not within road districts. The county has three road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 26,319	25,864	25,477	24,302
General Revenue Fund	243,246	231,737	217,425	207,238
Road Funds	341,479	335,597	328,951	316,248
Assessment Fund	54,361	42,200	41,199	39,160
Health Center Fund	86,625	85,425	83,929	80,175
Nursing Home Fund	129,966	128,016	125,938	120,289
School districts	2,906,673	2,778,067	2,718,157	2,582,634
Library district	72,338	71,161	70,637	67,473
Ambulance district	216,593	213,338	209,884	200,463
Fire protection district	181,494	178,870	155,404	147,676
Watershed Districts Fund	40,326	40,457	39,801	37,527
Town of Monticello	4,531	4,130	3,798	3,176
Drainage Districts	61,048	56,546	57,949	57,648
Interest	3,165	4,750	3,970	7,456
Surtax	80,901	72,390	71,800	60,958
Private Car Trust Fund	12,089	12,594	13,124	13,852
Cities	35,789	33,554	34,906	36,548
County Clerk	901	1,036	886	888
Tax Maintenance Fund	10,326	8,456	4,124	0
County Employees' Retirement	28,756	29,571	25,169	21,002
Redemptions and refunds	2,581	0	0	368
Commissions and fees:				
General Revenue Fund	72,128	68,570	68,639	62,927
County Collector	1,246	1,153	1,159	1,176
Total	\$ 4,612,883	4,423,480	4,302,326	4,089,184

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				%
	2005	2004	2003	2002	
Real estate	94	93	93	94	
Personal property	91	89	88	90	
Railroad and utilities	100	100	100	100	

Lewis County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction	
General Sales Tax	\$.005	None	50	%
General Sales Tax		.00375	2009	None	
Bridges and other capital improvement sales tax		.00375	2009	None	
911 Sales Tax		.00625	None	None	
Law enforcement sales tax		.00250	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:					
Nancy Goehl, Presiding Commissioner		25,760	25,760	24,440	24,440
Jesse B. Roberts, Associate Commissioner		23,760	23,760	22,440	22,440
Donald R. Neil, Associate Commissioner		23,760	23,760	22,440	22,440
Sharon Schlager, County Clerk		36,000	36,000	34,000	34,000
Jules V. Decoster, Prosecuting Attorney		43,000	43,000	41,000	41,000
David T. Parrish, Sheriff		40,000	40,000	39,000	39,000
Kim Porter, County Treasurer		26,640	26,640		
Bill Schlager, County Treasurer				25,160	25,160
Jerry Davis, County Coroner		10,000	10,000	9,500	9,500
William M. Murphy, Public Administrator(1)		36,000	36,000	41,953	34,000
Robert E. Veatch, County Collector (2), year ended February 28 (29),	37,246	37,153	37,159	35,176	
Wayne R. Priebe Jr. , County Assessor (3), year ended August 31,		38,047	34,900	34,900	33,156
Norman D. Ellerbrock, County Surveyor (4)					

(1) Includes commission of \$7,953 received in 2002 and earned prior to 2001.

(2) Includes commissions from drainage districts of \$1,246 in 2005, \$1,153 in 2004, \$1,159 in 2003, and \$1,176 in 2002.

(3) Includes \$765 in 2004, \$900 in 2003, \$900 in 2002, and \$900 in 2001 compensation received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

William B. Smith II, Circuit Clerk and Ex Officio Recorder of Deeds		52,411	51,811	51,811	51,811
Fred L. Westhoff, Associate Circuit Judge		96,000	96,000	96,000	96,000